

UI OPERATIONAL PERFORMANCE

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Quarter Ending June 30, 2002

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Introduction

- This is the twentieth in a series of quarterly reports designed to give a broad overview of UI operational performance and its basic context. Where available, data shown are for the four quarters, or for the 12-month period, ending June 30, 2002. We have done this so that comparisons are not marred by the high degree of seasonality that characterizes most UI and other labor market data. Thus, the year ending June 30, 2002 is compared with the year ending March 31, 2002, or June 30, 2001.
- This report includes a Special Focus analysis, a 5-year perspective on national Tier I performance.
- Users are encouraged to offer comments to the Division of Performance Management on the content, format and displays of the report. Please send comments to Burman Skrable on 693-3197.

Macro Scene

- *For the year ending 6/30/02*, all Chart I indicators reflected the continuing, but flattening, recessionary labor market pattern. Continuing unemployment indicators such as payments, continued weeks claimed and total unemployment are up 5 to 10% over the year ending 3/31/02, as are the reciprocity rate (45%), the percent of claimants registered with the Job Service (69%) and exhaustion rate (39%). Benefit payouts are also up a bout 10% from the 12 months ending in March, to \$38 billion, and contributions, at \$20 billion, is exactly at its three-year average. Average benefit duration has risen from 14.8 weeks to 15.7 weeks, as continued claims and weeks paid continued to rise while initial claims have stabilized.


UI System Performance

GPRA Performance

- For the 12 months ending June 30, 2002,
 - The system made 89.0% of intrastate first payments within 14/21 days, down 1.3 percentage points from Fiscal 2001 and 2 points below the GPRA target;
 - The system made 80.9% of new status determinations within 90 days, up from Fiscal 2001's 79.3% and above the 80% GPRA target.

Movement in the Aggregate Performance on GPRA/TIER I Measures


change from year ending 3/31/2002 to year ending 6/30/2002



Nonmonetary Determinations NonSep Timeliness
Nonmonetary Determinations Quality
Lower Authority Appeals Quality
New Status Determination Timeliness, 90 Days
New Status Determination Timeliness, 180 Days




Higher Authority Appeals Timeliness, 150 Days




14/21 Days Intrastate First Payment Timeliness
35 Days Intrastate First Payment Timeliness
14/21 Days Interstate First Payment Timeliness
35 Days Interstate First Payment Timeliness
Nonmonetary Determinations Separation Timeliness
Lower Authority Appeals Timeliness, 30 days
Lower Authority Appeals Timeliness, 45 Days
Lower Authority Appeals Timeliness, 90 Days
Higher Authority Appeals Timeliness, 45 days
Higher Authority Appeals Timeliness, 75 Days

Movement in the Number of States Passing GPRA/TIER I Measures

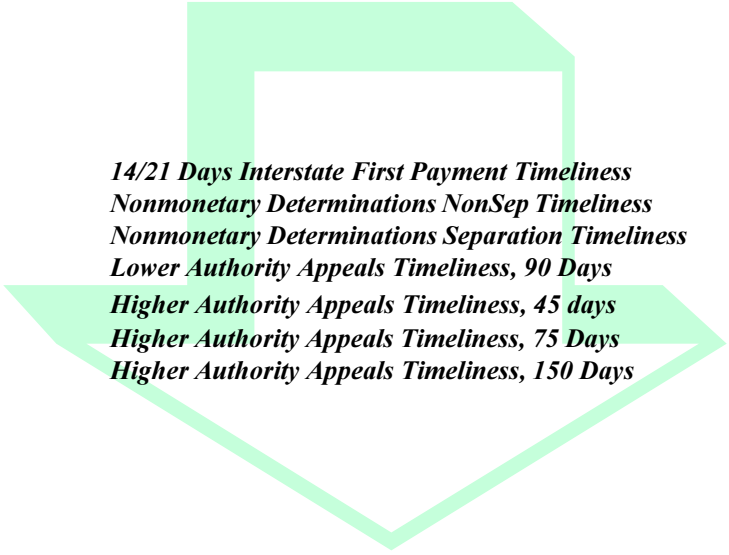
change from year ending 3/31/2002 to year ending 6/30/2002



*14/21 Days Intrastate First Payment Timeliness
Nonmonetary Determinations Quality
New Status Determination Timeliness, 90 Days*



*35 Days Intrastate First Payment Timeliness
35 Days Interstate First Payment Timeliness
Lower Authority Appeals Timeliness, 30 days
Lower Authority Appeals Timeliness, 45 Days
Lower Authority Appeals Quality
New Status Determination Timeliness, 180 Days*



*14/21 Days Interstate First Payment Timeliness
Nonmonetary Determinations NonSep Timeliness
Nonmonetary Determinations Separation Timeliness
Lower Authority Appeals Timeliness, 90 Days
Higher Authority Appeals Timeliness, 45 days
Higher Authority Appeals Timeliness, 75 Days
Higher Authority Appeals Timeliness, 150 Days*

Tier I Performance

In this version of the report, and all subsequent versions, we will examine performance by using the last 12 months (or four quarters) worth of data instead of just the last quarter's worth. The longer time frame gives a much more accurate picture of true progress or regress by eliminating the strong seasonal component we find in most performance indicators. This is how data are reported on the GPRA Tracking Report.

Because the UI PERFORMS regulation is being reconsidered in light of the UI PERFORMS 5-year review, we have deferred using alternatives to the measures now embodied in existing regulations. Thus, we focus on Intrastate and Interstate 1st Payment Timelapse for full weeks of unemployment instead of the Combined Measure, and will not use the 90-day measure for Lower Authority Appeals Time Lapse. Also, we do not review measures of timeliness of transfer to the trust fund because the New Balance UI/ES reform proposes changing the "immediate deposit" provision to allow states to use compensating balances to fund banking charges; it would render these measures obsolete.

In brief, the accompanying arrows indicate that aggregate values fell for 10 Tier I indicators, rose for five, and remained the same for one. In general, the continuing recession and heavy claims loads for the Temporary Extended Unemployment Compensation (TEUC) program depressed payment and appeals timeliness, while status determinations and quality indicators improved. A slightly different picture emerges from the numbers of states meeting the criteria, with three indicators up (including 14/21 day intrastate time lapse), seven down, and six unchanged from the year ending 3/31/02. This indicates that smaller states disproportionately maintained or improved performance, and that performance declines were concentrated among larger states.

* *Areas where greatest number of States achieve criteria:* At least 90% of all States made criteria for: Inter and Intra First payments within 35-days; Lower Authority Appeals quality; Higher Authority appeals timeliness (45- and 150-day levels); and new status determinations timeliness. All states attained the criteria for Lower Authority Appeals quality and new status determinations 90-day timeliness.

* *Weakest areas:* at least half the states missed criteria for Lower Authority appeals 30-day and 45-day time lapse, and Nonmon timeliness and quality (lowest performance: nonsep 14-day time lapse; 46 of 53 states missed the criterion).

* *In the Middle:* 14/21-day first payments; Higher Authority appeals timeliness (75-day).

- ➡ *1st Payment Timeliness*—Workloads continued to rise with the cyclical downturn and the impact of 9/11, reducing aggregate 1st-payment timelapse for both intrastate and interstate benefits at the 14/21 day level by about 0.7 percentage points over the year ending 3/31/02, although one more state met the intrastate criterion, and one less met the interstate. Aggregate performance at the 35-day level was little affected.
- ➡ *Nonmonetary Determinations*—This area remains the weakest. Aggregate quality improved 0.3 points and one more state met the criterion. Aggregate separation time lapse slid slightly and nonsep time lapse edged upward, but the number of states meeting both criteria fell. Only a quarter of the states meet the separation criterion and a seventh met the non-separation criterion. The aggregate timeliness figures for sep and nonsep timeliness are at or below their 3-year averages. Quality has improved marginally: 71.1% of cases had satisfactory scores for the year ending 6/30/02, versus a 3-year average of 70.8%.

- ➡ *Lower Authority Appeals*—All aggregate timeliness indicators continued to fall relative to the year ending 3/31/02. 49% of cases for the current period were decided within 30 days, versus 52% for the year ending 3/31/02. The decline at 45 days (8 points) was even greater. Quality, however, is up marginally. The reasons for the crash in timeliness need study; regression analysis relating time lapse to appeals workload seems to indicate that workload rises had only a minor effect.
- ➡ *Higher Authority Appeals*—Although the aggregate number of cases meeting the 45- and 75-day criteria slipped about one point and the number of states failing rose by one, this remains one of the system's strongest areas of performance.
- ➡ *Status Determinations Timeliness*— This is the system's strongest area of performance. Aggregate time lapse at both 90 and 180 days improved relative to the year ending 3/31/02; no states failed the 90-day criterion and only two failed to meet the 180-day criterion. Performance has responded sharply to the designation of the 90-day indicator as a key GPRA indicator for FY 2002 and beyond.

Other Important Measures

The other indicators had a mixed pattern of change from the year ending March 31 to the year ending June 30.

- * % of Continued Claims paid within 21 days was virtually unchanged at 93% within 21 days. For the year, the best State was at 99.6%, the lowest at 63.6%.
- * BAM overpayment rate was about the same, 8.0% versus 7.7%. BAM data also showed that the wage replacement rate remained the same at 46%.
- * Workforce development measures were also relatively flat. BAM data showed that 12.7% of claimants received referrals from the ES, 4.7% were in training—about the same as the year ending 3/31/02. The percentage of claimants registering with the ES did rise to 69% from 67%. There were virtually no changes in the share of claimants who were profiled (to 41%), of those profiled were pooled (to 43%), and of those pooled who were referred to services (30%).
- *BPC recovery rate for both rates fell by 3 points, the Nonfraud recovery rate to 47% and the Fraud rate to 50% .
- * Tax measures: States collected about the same percent of contributions timely (91%) and received the same percent of reports timely (87%) as in the year ending 3/31/02. Timely report filing is up about 1 point from its 3-year average; contributions timeliness is at its 3-year average. The other key measures were largely unchanged: Accounts receivable at about 3.1% of contributions due, audit penetration at 1.9%, and the percent of wages audited at 1.1%. Only the percent of wages change resulting from audit was up slightly to 4.8% from 4.3%.

National Performance Trends: Five-Year Perspective

This document provides a perspective on the national performance of the Unemployment Insurance program during the five-year period when UI PERFORMS national performance standards have been in place. It summarizes national performance by giving the national aggregate for each Tier I measure (except new status determinations accuracy) and also the number of states attaining the applicable criterion. It also excludes cash management measures since this area is in transition in response to the Administration's UI/ES *New Balance* reform proposal.

Although the data do not provide a clear case for the positive impact of performance standards on state performance during this time period, this general summary does not consider the influence of other factors on institutional performance. It could be that imposition of the performance standards discussed below had a significant impact – positive or negative - on state program performance, but this impact is being masked or counteracted by other factors which are outside the scope of this simple analysis. That is, in the absence of the standards performance could have been much different from what is observed in the numbers below. Such conclusions cannot be substantiated based on the information provided here.

This analysis does illustrate the relationship between performance goals and actual state performance. In certain cases (1st payments, appeals and tax) the national average state performance consistently meets or exceeds the standard. In other cases (nonmonetary determinations) the standard is consistently missed.

External Factors

By its very nature the Unemployment Insurance program is highly sensitive to changes in the economy. High unemployment rates translate into increased claim volume, which exerts additional pressure on the system. The characteristics of claims are also affected by changes in volume. For example, times of high unemployment, a greater proportion of claims have no separation issues because more claimants are unemployed due to layoffs and plant closings. The net effect of these various factors is difficult to gauge and may vary significantly among states.

Information on the total volume of new initial claims and on the total unemployment rate during the five-year time period is provided in the table below.

	1997	1998	1999	2000	2001
Total Initial Claims (thousands)	17,423	16,728	16,164	15,121	19,535
Total Unemployment Rate	5.1%	4.6%	4.3%	4.0%	4.4%

The general pattern that can be observed in initial claims volume indicates a consistent decrease in volume between 1997 and 2000. The system experienced a significant increase in claim volume in 2001. The total unemployment rate declined steadily throughout the first four years, before registering an increase in 2001 that has continued to the present as rates have exceeded 5.5% for most of 2002.

In general we expect that, other things being equal, UI operational performance should improve when volume decreases, and deteriorate when volume increases. Thus, we would expect general improvement between 1997 and 2000 until the increase in volume that occurred in 2001, i.e., the pattern would be three years of general improvement until the high-volume year occurs. The performance of higher appeals time lapse conforms to this pattern, but the rest of the areas of performance discussed here do not.

First Payments

Aggregate first payment time lapse was generally stable during the five-year period. Actual performance is slightly below the 90% standard, but so close that the difference is not very significant. There does not appear to be any linear trend to the numbers for processing of all first payments during this time period.

There does appear to be consistent improvement in the handling of interstate claims with the national average for performance rising from 76.4% to 81.6%. Overall the timely processing of interstate claims improved by 5.2% over the period, but it is important to note that the handling of interstate claims represents a cooperative effort among states and thus does not reflect the efforts of only individual states.

Percent of First Payments Within 14/21 Days

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	Average	Change	Std
All First Payments	89.1 (25)	89.5 (29)	88.8 (29)	89.1 (30)	89.7 (31)	89.2	+ 0.6	(90)
Intrastate First Payments	90.8 (47)	90.4 (45)	89.6 (46)	89.8 (47)	90.3 (42)	90.2	- 0.5	(87)
Interstate First Payments	76.4 (45)	78.9 (50)	78.2 (47)	79.9 (48)	81.6 (48)	79.0	+ 5.2	(70)

Notes: Data for FY 1997 includes only 9 months of data. "Standard" refers to the standard established for State Quality Service Plans for 2003. "Change" refers to the difference between averages for FY 1997 and FY 2001 reflecting the beginning and end of the five-year period. Numbers in parenthesis indicate the number of states that met the standard. The separate 21- and 14- day standards refer to claims processed with and without waiting weeks.

Nonmonetary Determinations

During the five-year period, national averages for nonmonetary timeliness and quality missed the standard in every year.

The national average for the timeliness of nonmonetary determinations pertaining to separation issues (72.2%) was 7.8% below the 80% standard. The performance indicator consistently declined from the 76.2% level for 1997 to 68.9 % in 2001 reflecting a decline of 7.3% over the time period.

The timeliness of nonmonetary determinations pertaining to non-separation issues declined from 70.9% in 1997 to 64.3% in 2001, a loss of 6.6 percentage points over the time period. The decline was consistent until a low point was reached in 2000 (63.1%) and then improved by 1.2 percent for 2001. The national average for the time period (66.9%) was over 13% below the 80% standard.

The scores for non-monetary determinations quality reviews were generally stable during the time period with some minor fluctuations. They improved by 3 percentage points, from 61.8% to 64.8%, from the beginning to the ending points of the time period under review, but consistently missed the 75% mark established as the national standard.

Timeliness and Quality Measures for Nonmonetary Determinations

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	Average	Change	Std
% Separation Determination Within 21 Days of Issue Detection Date	76.2 (21)	74.4 (19)	71.7 (20)	70.0 (21)	68.9 (19)	72.2	- 7.3	80
% Non-Separation Determination Within 14 days of Issue Detection Date	70.9 (15)	69.8 (17)	66.3 (13)	63.1 (10)	64.3 (9)	66.9	- 6.6	80
% Determinations with Quality Score Greater Than 80 Points	61.8 (18)	62.4 (18)	59.9 (20)	61.6 (23)	64.8 (25)	62.1	+ 3.0	75

Notes: "Standard" refers to the standard established for State Quality Service Plans for 2003. "Change" refers to the difference between averages for FY 1997 and FY 2001 reflecting the beginning and end of the five-year period. Numbers in parenthesis indicate the number of states that met the standard.

Appeals

National averages for the timeliness and quality of appeal decisions were consistently above established standards during the entire five-year time period.

Lower authority appeals timeliness fluctuated during the period registering an overall loss of 7.4 percentage points from the beginning to the end of the period. The average was 7.8 percentage points above the 60% national standard for the entire time period, although the score in 2001 had declined to 60.3%, just .3% above the standard.

National averages for higher appeals timeliness were significantly above the established 50% standard for the entire period. There was a linear improvement in average scores, rising from 56.4% in 1997 to 70.2% in 2000 before declining to 68.9% in 2001. The average for the period (64.8%) was 12.5 percentage points above the 50% national standard.

Quality scores for lower authority appeals improved consistently from 87.9% in 1997 to 94.6% in 2001, an improvement of 6.7 percentage points. The national average quality score for the five-year period (92.1%) was significantly above the established 80% standard.

Timeliness and Quality Measures for Appeals

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	Average	Change	Std
% Lower Authority Appeals Decided Within 30 Days of Filing	67.7 (41)	67.5 (48)	72.7 (49)	70.8 (47)	60.3 (34)	67.8	- 7.4	60
% Higher Authority Appeals Decided within 45 Days of Filing	56.4 (41)	62.5 (46)	66.2 (47)	70.2 (51)	68.9 (49)	64.8	+ 12.5	50
% Lower authority Appeals With Quality Scores at least 85% of potential points	87.9 (44)	90.6 (47)	93.1 (47)	94.5 (53)	94.6 (50)	92.1	+ 6.7	80

Notes: "Standard" refers to the standard established for State Quality Service Plans for 2003. "Change" refers to the difference between averages for FY 1997 and FY 2001 reflecting the beginning and end of the five-year period. Numbers in parenthesis indicate the number of states that met the standard.

Tax

States consistently exceeded the established timeliness measure for new status determinations throughout the five-year period. The average national score during this time period was 78.5%, well above the 60% standard. During this time period national average scores hovered around the starting point of 78.5% before registering a .8% improvement in the final year. There was an overall improvement of .6% from the beginning to the ending point of the time period.

Percent of New Status Determinations within 90 Days of Quarter End Date

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	Average	Change	Std
% New Status Determinations within 90 Days of Quarter End Date	78.5 (49)	78.0 (47)	78.6 (47)	78.3 (49)	79.1 (49)	78.5	+ .6	60

Notes: "Standard" refers to the standard established for State Quality Service Plans for 2003. "Change" refers to the difference between averages for FY 1997 and FY 2001 reflecting the beginning and end of the five-year period. Numbers in parenthesis indicate the number of states that met the standard.

UI QUARTERLY MANAGEMENT REPORT

Report Period: Year Ending June 30, 2002

Rundate: 12/4/2002

CHART I	3-Year National Aggregate	Year Ending 3/31/2002			Year Ending 6/30/2002		
		National Aggregate	State High	State Low	National Aggregate	State High	State Low
MACRO INDICATORS							
Net UI Contributions (3-yr. is annual avg.)	20.0B	19.4B	2.7B	13.7M	20.0B	2.6B	14.2M
Net UI Benefits (3-yr. is annual avg.)	26.8B	34.8B	3.8B	9.3M	38.0B	4.4B	11.7M
TUR (unadjusted)	4.6%	5.2%	11.8%	2.9%	5.5%	12.0%	3.0%
IUR (unadjusted)	2.1%	2.4%	5.5%	1.0%	2.7%	5.5%	1.0%
Total Unemployment Level (weekly, unadjusted)	6.5M	7.3M	1.0M	9801	7.8M	1.0M	10,287
Insured Unemployment Level (weekly, unadjusted)	2.7M	3.2M	0.5M	3020	3.5M	0.5M	3,150
Number of First Payments (3-yr. is annual avg.)	8.5M	10.3M	1.4M	2586	10.4M	1.4M	2,983
Number of Initial Claims (3-yr. is annual avg.)	18.3M	21.5M	2.9M	3423	21.8M	3.0M	3,801
Average Duration of Benefits (weeks)	14.6	14.8	19.5	11.0	15.7	19.7	11.4
Exhaustion Rate	38.9%	36.9%	67.2%	11.0%	38.7%	65.9%	13.4%
GPRA PERFORMANCE							
UI Recipienncy Rate	41.0%	43.3%	78.8%	24.2%	45.0%	79.1%	25.7%
Wage Replacement Ratio (BAM)	46.4%	46.3%	58.1%	32.2%	46.1%	59.6%	32.1%
% UI Claimants Registered with ES (BAM)	63.4%	67.2%	100.0%	11.6%	69.4%	100.0%	10.9%
OTHER MEASURES OF PERFORMANCE							
% of Contributory Employers Filing Reports Timely	86.2%	87.3%	99.2%	68.5%	87.3%	99.8%	66.7%
Cont. Claims Payment Timeliness, Intra, 21 days	93.3%	93.2%	99.6%	64.7%	93.1%	99.6%	63.6%
BAM Overpayment Rate	8.4%	7.7%	22.0%	1.9%	8.0%	26.2%	1.8%
Fraud Overpayment Recovery Rate	54.3%	53.7%	111.2%	30.4%	50.2%	129.0%	20.5%
Nonfraud Overpayment Recovery Rate	52.6%	50.6%	149.9%	13.4%	47.4%	137.6%	13.2%
% of Amounts Due that were Paid Timely	90.2%	90.6%	100.0%	68.9%	90.9%	100.0%	70.1%
% of Accounts Receivable at end of report period	3.2%	3.0%	17.4%	0.6%	3.1%	12.2%	0.8%
% of Change in total wages resulting from audit	4.2%	4.3%	15.5%	0.0%	4.8%	16.4%	0.0%
% of Contributory employers who are audited	1.7%	1.8%	3.4%	0.0%	1.9%	3.4%	0.3%
% of Total wages audited (annualized)	1.2%	1.1%	3.7%	0.0%	1.1%	3.9%	0.1%
UI and the WDS							
% of UI claimants receiving referrals from ES (BAM)	14.0%	13.1%	50.8%	0.1%	12.7%	40.7%	0.1%
% of UI claimants in Training (BAM)	4.7%	4.5%	8.1%	2.5%	4.7%	9.0%	2.1%
Claimants profiled as % of ICs	41.1%	41.6%	98.4%	6.5%	41.0%	78.3%	9.0%
Claimants pooled as % of those profiled	41.2%	43.2%	98.7%	1.8%	43.4%	98.7%	1.9%
Claimants referred to services as % of pooled	33.3%	29.5%	99.4%	2.3%	29.7%	101.6%	0.7%

* Data not available

UI QUARTERLY MANAGEMENT REPORT

Report Period: Year Ending June 30, 2002

Rundate: 12/4/2002

TIER 1 MEASURES	CRITERION	3-Yr National Aggregate	Year Ending 3/31/2002				Year Ending 6/30/2002			
			National Aggregate	State High	State Low	# Failing States	National Aggregate	State High	State Low	# Failing States
FIRST PAYMENT TIMELINESS										
1st Pays in 14/21 Days (combined)	90%	89.2%	89.1%	98.1%	67.5%	23	88.5%	98.0%	60.1%	26
1st Pays in 14/21 Days (intrastate)	87%	89.4%	89.6%	98.8%	67.5%	11	89.0%	98.7%	59.9%	10
1st Pays in 14/21 Days (interstate)	70%	80.5%	81.0%	95.4%	21.7%	6	80.3%	95.4%	16.3%	7
1st Pays in 35 Days (combined)	95%	97.0%	97.0%	99.9%	87.1%	8	96.8%	99.8%	86.2%	9
1st Pays in 35 Days (intrastate)	93%	97.1%	97.2%	99.9%	89.1%	4	96.9%	99.9%	86.1%	4
1st Pays in 35 Days (interstate)	78%	93.5%	93.6%	99.3%	54.9%	2	93.3%	99.0%	66.8%	2
NONMONETARY DETERMINATIONS										
Separation Determinations within 21 Days	80%	68.7%	67.1%	98.3%	20.4%	35	66.5%	98.2%	18.0%	39
Nonseparation Determinations within 14 Days	80%	63.7%	63.5%	93.0%	30.9%	41	63.8%	93.9%	27.8%	46
Nonmon Determ scoring > 80 pts	75%	70.8%	70.8%	90.0%	32.8%	30	71.1%	91.7%	35.3%	29
LOWER AUTHORITY APPEALS										
LAA decisions within 30 days	60%	60.6%	52.4%	98.8%	3.4%	25	49.2%	98.9%	2.3%	25
LAA decisions within 45 days	80%	80.4%	75.4%	99.8%	13.5%	26	72.4%	99.9%	13.1%	26
LAA decisions within 90 days	95%	95.3%	95.1%	94.9%	40.4%	14	93.9%	100.0%	50.9%	16
LA benefit appeals with combined scores > 85%	80%	94.8%	94.8%	100.0%	80.0%	0	94.9%	100.0%	80.0%	0
HIGHER AUTHORITY APPEALS										
HAA decisions within 45 days	50%	68.4%	67.3%	99.0%	20.6%	4	66.3%	98.7%	15.0%	5
HAA decisions within 75 days	80%	88.9%	86.7%	100.0%	33.7%	5	85.3%	100.0%	20.9%	6
HAA decisions within 150 days	95%	98.0%	97.4%	100.0%	83.4%	3	97.4%	100.0%	78.0%	4
NEW STATUS DETERMINATIONS										
New status determinations made within 90 days	60%	79.3%	80.0%	97.0%	59.2%	1	80.9%	95.2%	62.8%	0
New status determinations made within 180 days	80%	89.0%	89.6%	98.6%	79.3%	2	89.9%	98.6%	79.3%	2
TIMELINESS OF TRANSFERS FROM CA TO TF										
# Days of transfer from clearing account to trust fun	<= 2 days	2.5	2.5	12.8	0	20	2.7	19.3	0.0	18
Annual ratio	<=1.75	2.44	2.57	38.50	-0.50	16	2.71	0.33	-0.50	12

* Data not available